

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 26, 2021

TO: Honorable Greg Bonnen, Chair, House Committee on Appropriations

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB958 by Oliverson (Relating to the allocation and deposit of certain surplus state revenue to the property tax relief fund for use in reducing school district maintenance and operations ad valorem taxes.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Section 403.109, Government Code by adding Subsections (e) and (f) to require the Comptroller to deposit to the Property Tax Relief Fund (PTRF) general revenue in an amount equal to 90 percent of the amount by which general revenue received in a state fiscal biennium exceeds 104 percent of the total amount of general revenue that was received during the preceding state fiscal biennium.

The bill would require the Comptroller to make periodic transfers to the fund with the final deposit for a biennium to be made not later than the 90th day of the next state fiscal biennium.

Revenue transferred to the fund could only be appropriated to the Texas Education Agency for use in providing property tax relief through reduction of the state compression percentage.

The bill would take effect September 1, 2021, however the bill would apply beginning with the state fiscal biennium beginning September 1, 2023.

The term "general revenue" is not defined in the bill; for the purposes of this analysis it is assumed to mean general revenue-related (GR-R) collections. The *2022-23 Biennial Revenue Estimate* projects total fiscal 2022-23 GR-R collections of \$119.58 billion. Average biennial growth of GR-R from 1996-97 through 2020-21 was 8 percent. If GR-R collections grew from 2022-23 to 2024-25 by that rate, the amount by which 2024-25 revenue would exceed 104 percent of 2022-23 revenue would be \$4.78 billion. Therefore, the amount that would be available for providing property tax relief through reduction of the state compression percentage and not available for general-purpose spending would be \$4.30 billion.

The bill would not require additional compression of a school district's maximum compressed Tier I tax rate beyond what is already required under current law by Education Code Section 48.255. Therefore the bill would be revenue neutral to the state and represent a Method of Finance swap in the Foundation School Program from the Foundation School Fund to the PTRF by the amount transferred to the PTRF under the provisions in the bill.

Although this bill would not make an appropriation, it would establish the basis for an appropriation.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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